



Government of
Saskatchewan

Annual Report 1983-84

**The Saskatchewan Beef
Stabilization Board**

85-4181/

**Annual Report
of the
Saskatchewan
Beef Stabilization Board
1983-84**

Office
The Imperial Centre
309 Hoffer Drive
Regina, Saskatchewan. S4N 6E2





Minister
of Agriculture

Saskatchewan

Legislative Building
Regina, Canada
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Saskatchewan Beef Stabilization Board

To His Honour,
The Honourable Frederick W. Johnson
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to submit herewith the Annual
Report of the Saskatchewan Beef Stabilization
Board for the twelve months ending March 31,
1984.

I have the honour to be, Sir,

Your obedient servant
Lorne H. Hepworth
Minister of Agriculture



**Saskatchewan
Beef
Stabilization
Board**

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Saskatchewan Beef Stabilization Board

Honourable Lorne H. Hepworth
Minister of Agriculture
Province of Saskatchewan

Sir:

I am pleased to present herewith the Annual
Report of the Saskatchewan Beef Stabilization
Board for the twelve months ending March 31,
1984.

Respectfully submitted,
Boyd Anderson, Chairman
Saskatchewan Beef Stabilization Board

100-10-10-10



Chairman's Comments

This report covers the second full fiscal year of operation of the Saskatchewan Beef Stabilization Board. The Board is responsible for two market insurance programs for cattle, known as the Cow-Calf-to-Finish Market Insurance Plan and the Feeder-to-Finish Market Insurance Plan.

Some of the objectives of the plans are:

1. To develop a viable beef feeding and packing industry in Saskatchewan; and
2. To assist in ensuring some reasonable support for our cattle producers.

The programs are based upon insurance principles. Producers pay a levy to the plan at the time of sale of each animal and the government matches this levy. The Plan collects levies at all times to pay out to participating producers when the market price is below the support level determined by a cost-of-production formula.

The fiscal year covering the period from April 1, 1983 to March 31, 1984 has been a successful year. The number of cattle fed out in Saskatchewan increased and this helped ensure an adequate supply of cattle to our major Saskatchewan packers, as well as many smaller plants and abattoirs. Several of these plants have improved and expanded their facilities, thus creating more economic activity in the province and, of course, with more cattle being retained in the province this also increased the economic activity in the rural areas where the cattle are produced and fed out.

The deficit in the Cow-Calf-to-Finish Plan at the start of the second fiscal year was \$29,654,000. This resulted in the levy rate to producers (and the matching government contribution) being increased from 4% to 6% as determined by the regulations. As of March 31, 1984, the end of the

second fiscal year, the deficit stood at \$36,970,000. The Board will continue to monitor the entire plan and will make adjustments as determined by each annual review.

The Feeder-to-Finish Market Insurance Plan has worked quite well. The number of cattle entered in the Feeder-to-Finish contracts continues to increase and a greater percentage of our feeder cattle are fed out in Saskatchewan.

This year a total of 271,750 head of slaughter steers and heifers were marketed in Saskatchewan and the Saskatchewan Beef Stabilization Board handled 196,173 head or 72.2% of them. With a calf crop of some 650,000, there is still room for expansion in the feeding sector.

The programs are based upon the producer's efficiency of operation and quality of product. Stabilization payments are based upon carcass weight and grade as determined by Federal Government graders at the packing plants. Because of this, it is necessary to have the co-operation of buyers, truckers and killing plants. The length of time required for settlement to the producers continues to improve. In March of 1984, 81% of the settlements were made within three to five days, 18% within 6-8 days and only 1%-10 days or more. The longer delays are often caused by improperly identified animals.

During part of this year, producers have had the option of selling their cattle live out of the feedlots, or at Board authorized auction sales. The greatest number (85%) continue to be sold through the Board marketing desk by a direct rail grade price on a bid system open to all packing plants.

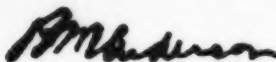
The majority of the cattle continue to be sold to plants in Saskatchewan and Manitoba, with a

smaller number to Alberta, Ontario and the U.S.A.

From the inception of the plan on January 1, 1982 until March 31, 1984, the Cow-Calf-to-Finish Plan has paid out a total of \$53,656,258. The producer contributions through levies comes to \$11,108,396 and this has been matched by the government for a total of \$22,216,792. This, along with the interest of \$5,530,291, leaves us with a deficit of \$36,969,757. This deficit has developed on a total of 305,950 cattle being stabilized in the Cow-Calf-to-Finish Plan.

To March 31, 1984 the Feeder-to-Finish Plan has stabilized 102,202 cattle for a total payout of \$5,527,417. Producers contribute a 2% levy which is matched by the government for total levies of \$3,082,182. The deficit in this plan is \$2,614,390.

The Board views both plans as successful in that the objectives stated above are being met, they have added stability and growth to the entire industry, as well as giving substantial financial support to individual producers.



Boyd Anderson
Chairman
Saskatchewan Beef Stabilization Board



Board Personnel

Board of Directors

Mr. Boyd Anderson, Chairman Fir Mountain
Mr. J.W. (Bill) Marshall,
 Vice-Chairman Prince Albert
Mr. George Beilhartz Prince Albert
Mr. Errol Cochrane Fort Qu'Appelle
Mr. Lorne Cholin Kerrobert
Mr. Rudy Jurke Lloydminster
Mr. Bernard Kirwan Gull Lake
Mr. Frank Lockwood Davidson
Mr. W.G. (Bud) Morken Sturgis
Mr. Orville Thompson Carnduff
Mr. Evans Thordarson Mozart

Staff

Ross Reynolds General Manager
Stewart Stone Comptroller
Harry Long Marketing Manager
Jim Stalwick Executive Assistant

The Board employed thirteen full-time and five temporary staff in addition to those listed above as of March 31, 1984.





Saskatchewan
Beef
Stabilization
Board

Operations Data

	1983/84	1982/83
Total S.B.S.B. cattle marketings	196,173	187,826
Active Production Units		
Cow Calf to Finish Market Insurance Plan	3,208	3,069
Feeder to Finish Market Insurance Plan	945	564
Animals Stabilized		
Cow Calf to Finish Market Insurance Plan	104,102	157,301
Feeder to Finish Market Insurance Plan	81,006	21,196
Saskatchewan Sales of Steers & Heifers		
Total Sales	271,750	270,170
S.B.S.B. % of Total Sales	72.2%	69.5%

1983/84 Marketings by Destination

	Total Saskatchewan		S.B.S.B.	
	No. Head	%	No. Head	%
Saskatchewan	168,930	62.2	113,379	57.8
Manitoba	80,000	29.4	61,213	31.2
Alberta	19,040	7.0	20,079	10.2
Ontario	2,900	1.1	1,386	0.7
U.S.A.	760	0.3	116	0.1
Others	120	-	0	-
	271,750	100.0	196,173	100.0

Weekly Volume Highlights (No. Head)

High-week ending July 15, 1983	5,405
Low-week ending April 29, 1983	2,182
Average weekly volume	3,772.5

Weekly Average Rail Grade Price

High-week ending April 22, 1983	\$1.4284
Low-week ending September 9, 1983	\$1.1600



Operations 1983-84

Producer participation in the market insurance programs increased in the 1983-84 year over the previous fiscal period. Registration increased by almost 5% to 3,208 production units in the Cow Calf to Finish Program, representing approximately 5,275 producers. By March 31, 1984, 945 production unit contracts had been accepted for the Feeder to Finish Program, a growth of 68% from the end of the prior year.

The average herd size in the Cow Calf to Finish Program of 64 cows was almost twice the 34 cow Saskatchewan average reported by Statistics Canada. Enterprises with less than 20 cows represented 16% of the production units and only 4% of the total cows enrolled in the Cow Calf to Finish Program. Major livestock enterprises (herds exceeding 51 cows) accounted for 43% of the production units and 74% of the cows enrolled in the Cow Calf to Finish Program.

As part of the review of the Cow Calf to Finish program in 1982, it was observed that the calendar year the contract was operating on did not coincide with normal annual production sales patterns. It was decided to change the contract year to a fiscal basis, from April 1st to March 31st, to overcome this problem. This change in contract period was implemented in Jan. — March period of 1984. The Board made a Special Contract Period provision for that quarter available to all Producers who had traditionally marketed animals at that time. A total of 16,961 slaughter animals for 608 production units were processed under this option. The Board is confident the change in contract period will facilitate administration of the program, and will remove many problems it had created in Producer's contractual obligations.

Quarterly newsletters were issued to keep Producers informed of changes and to emphasize regulations. Subjects covered include: entry deadlines, support levels, related seminars,

brands, abattoirs, identification, live auction sales, discounts, fraud and others.

There was a series of 14 organized public meetings held throughout the Province. Emphasis was given to responding to producer questions and concerns on each of the plans, and a discussion of cattle marketing and grading was also presented. The Board's part-time Field Staff made on-farm visits to approximately 25% of contract holders who had not been visited in prior years.

The Saskatchewan Beef Stabilization Board Review Committee convened on seven occasions during the year. This Committee is composed of two representatives from Saskatchewan Agriculture staff and the Chairman of the Saskatchewan Beef Stabilization Board. The role of the Committee is to provide an objective interpretation of specific applications of the regulations after receiving presentations from both producers and Board staff on the issues. Review Committee recommendations are then brought before the full Board for discussion and final approval.

An Appeals Committee, composed of individuals independently appointed by the Minister of Agriculture, is available to those parties who wish to appeal a Board interpretation or decision. The Appeals Committee convened twice during the 1983-84 fiscal year.

During the 1983-84 fiscal period, the Saskatchewan Beef Stabilization Board marketed 196,173 head, or 72.2% of the total Saskatchewan-origin slaughter steers and heifers. Although total Saskatchewan-origin slaughter steers and heifers increased only a modest 0.6% over the preceding fiscal period, marketings through the Board increased by almost 4.5% between the same two years.

The Saskatchewan Beef Stabilization Board received bids on cattle from slaughter plants in Saskatchewan, Manitoba, Albert, Ontario and U.S.A. Saskatchewan meat processors purchased 57.8% of cattle marketed through the Saskatchewan Beef Stabilization Board. Of the balance, 31.2% went to Manitoba, 10.2% to Alberta, 0.7% to Ontario. 0.1% to the United States. Provincial abattoir purchases account for approximately 7% of the Board cattle purchased by Saskatchewan processors.

The number of slaughter plants in operation have been reduced with the recent closures of Canada Packers Inc. Toronto, Canada Packers Inc. Calgary, Gainers Inc. Lethbridge and Burns Meats Ltd. Calgary. J.M. Schneiders no longer slaughters cattle at their Winnipeg plant.

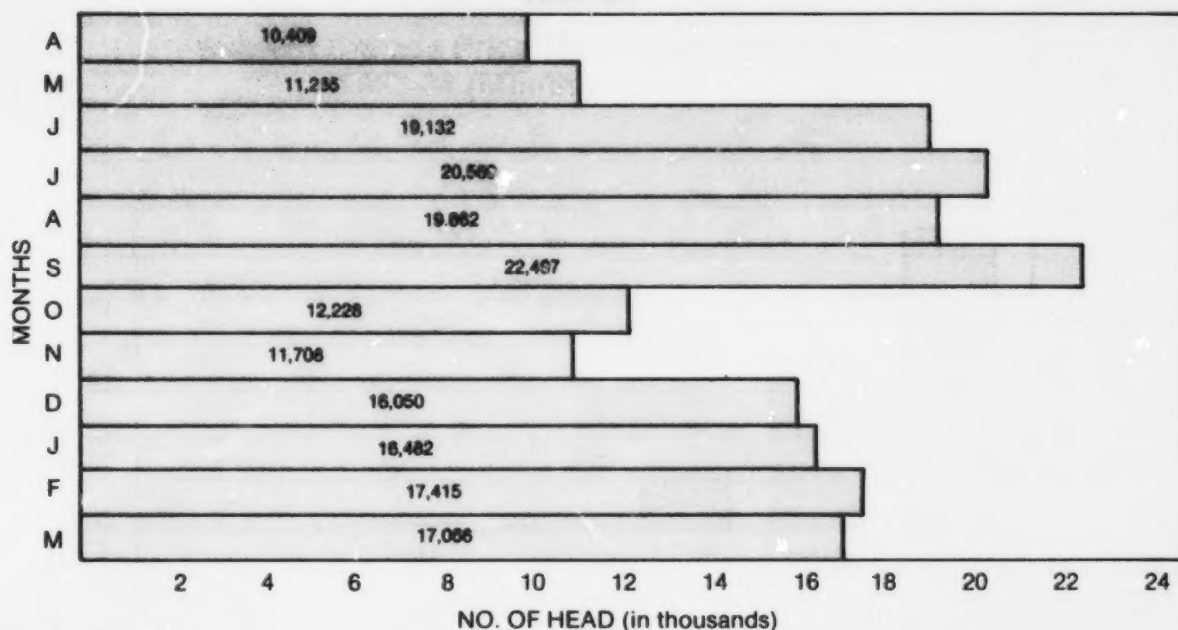
The majority of cattle marketed through the Saskatchewan Beef Stabilization Board were on a daily tender requiring sealed bids on a rail grade basis. Live sales at auction markets of slaughter animals eligible for stabilization were initiated late in the 1983-84 fiscal year. Analysis of the effectiveness of this option is currently being reviewed.

During the year the Board continued to develop computer programs designed to automate office procedures and to provide relevant and timely statistical information important in the development of the Saskatchewan cattle industry. Implementation of the first of these programs is expected during the 1984-85 fiscal year.

The Board also functions as a central source for deduction and payment of trucking, assembling, livestock manifest, etc. charges which may apply against animals marketed through the Board. This minimizes inconveniences involved with parties having to settle prior to the service being performed. In addition, producers and creditors can jointly request that funds be redirected, and many parties utilized this convenience during the fiscal period.

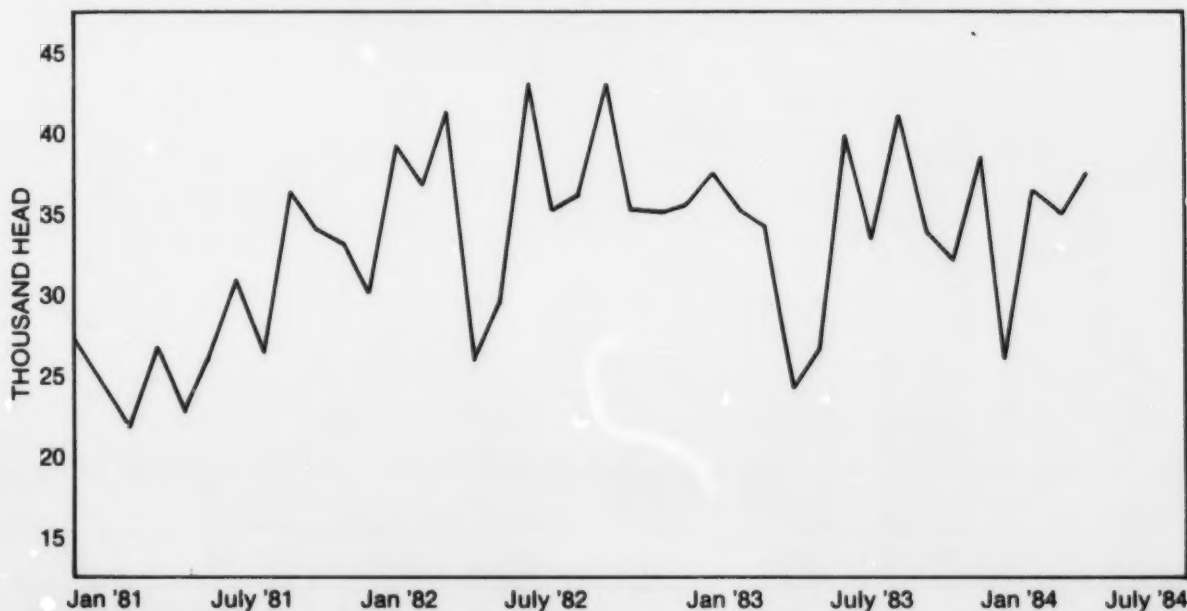
On correspondence to producers regarding cattle marketings, the Board has attempted to emphasize the value of the weight and grade information. This feedback identifies the market demand for which the producer can adjust his practices and efficiencies to obtain optimal return.

Marketings by Month 1983-84



SOURCE: S.B.S.B.

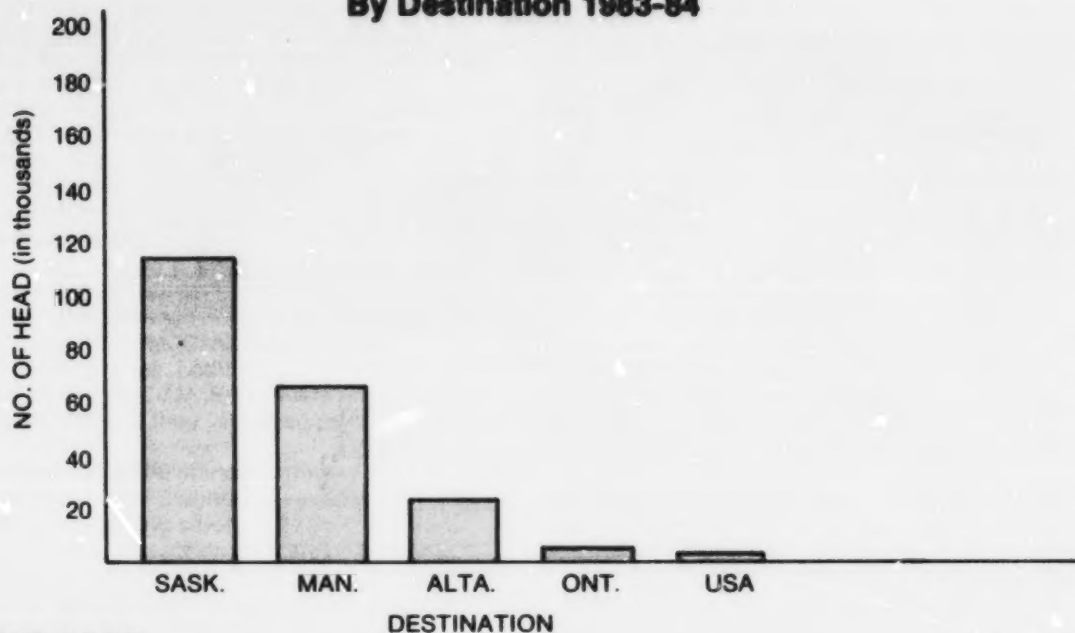
Saskatchewan Monthly Slaughter Cattle Marketings, 1981-84



SOURCE: SASKATCHEWAN CATTLE MARKET REPORT

Volume of S.B.S.B. Cattle

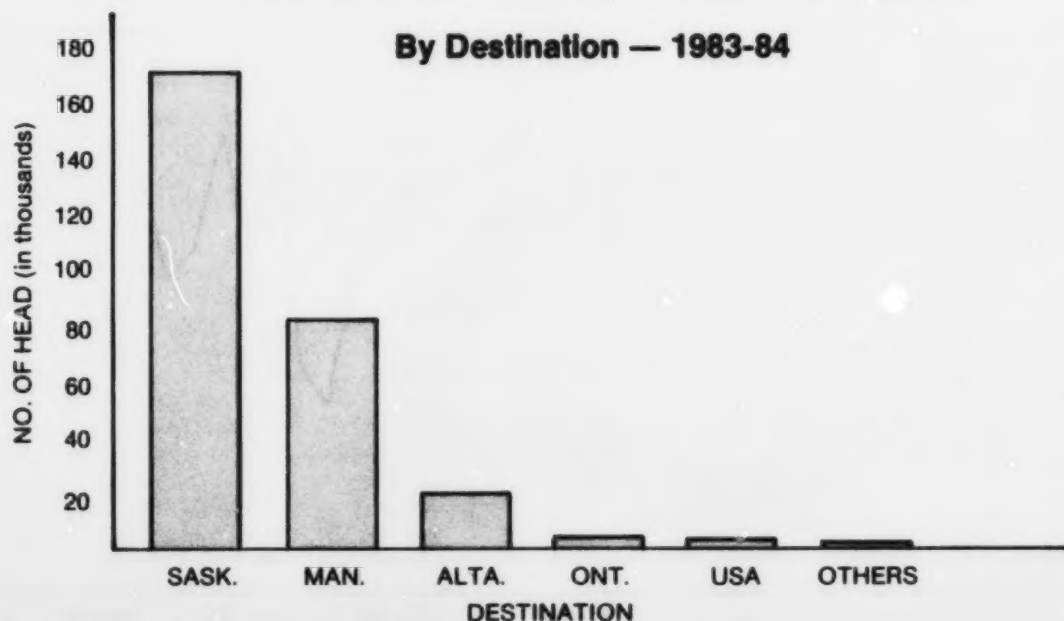
By Destination 1983-84



SOURCE: S.B.S.B.

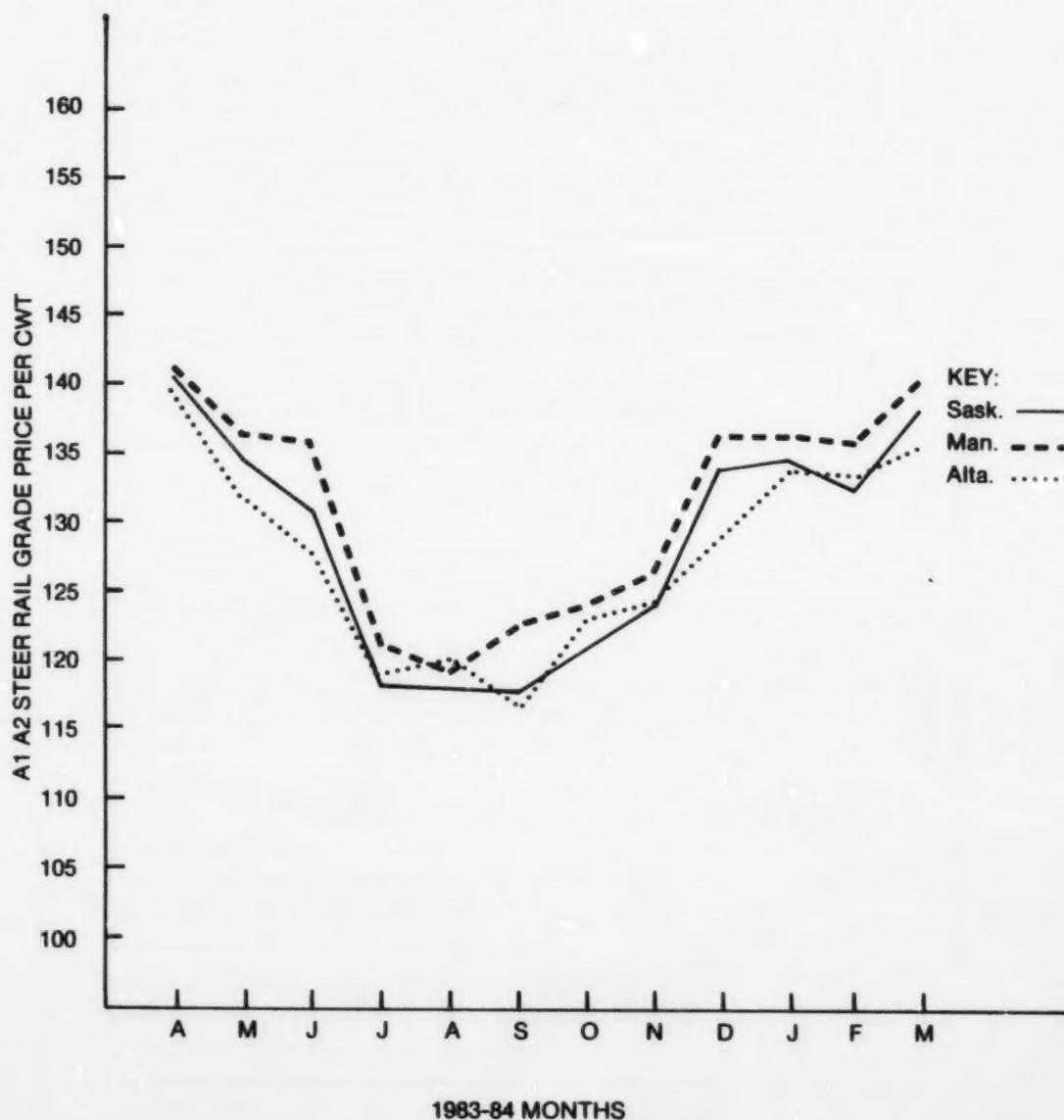
Total Volume of Saskatchewan Steers & Heifers

By Destination — 1983-84



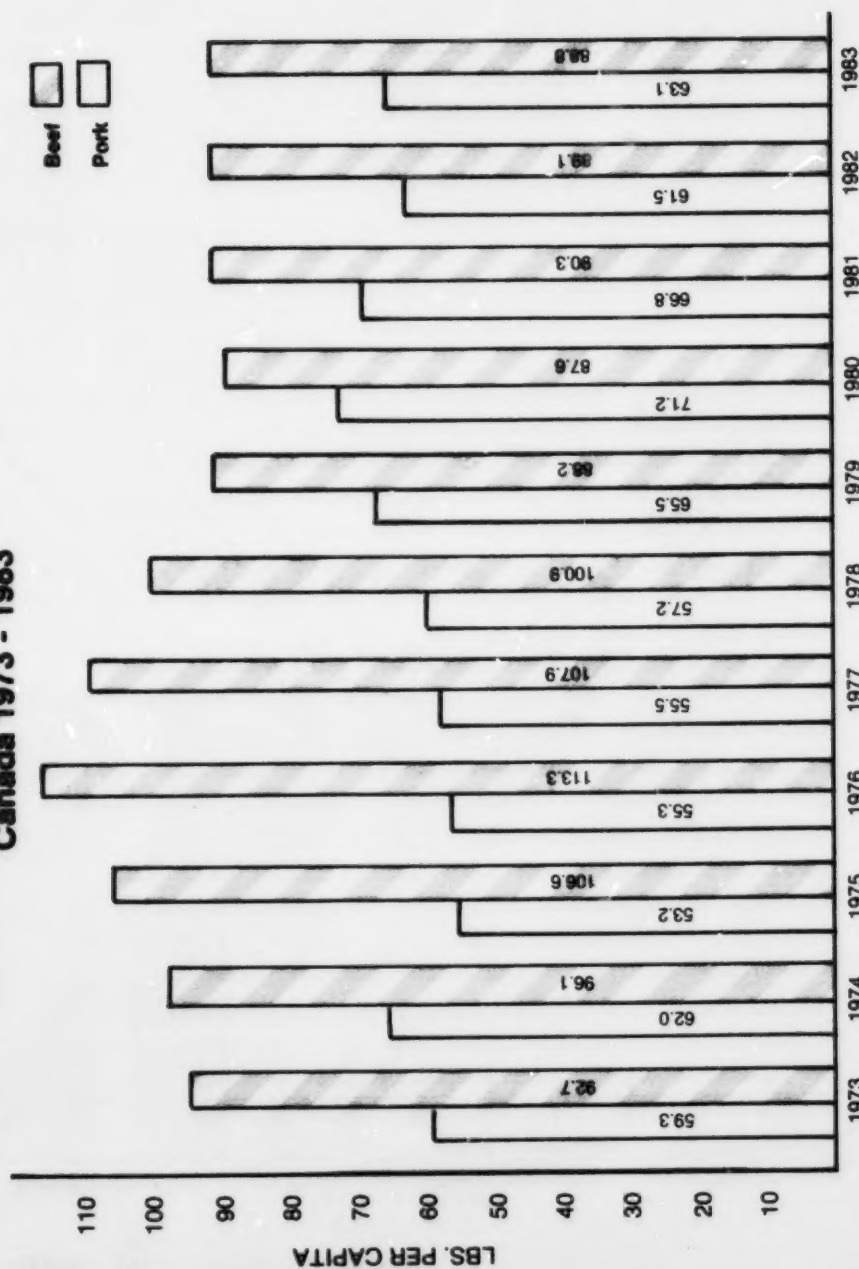
SOURCE: SASKATCHEWAN CATTLE MARKET REPORT

Western Canada Price Trend Comparisons 1983-84 (Monthly High)



SOURCE: CANFAX & S.B.S.B.

Per Capita Beef and Pork Consumption (Lbs.)
Canada 1973 - 1983



SOURCE: STATISTICS CANADA, Handbook of Food Expenditures



**Saskatchewan
Beef
Stabilization
Board**

**Saskatchewan
Beef Stabilization Board**

**Financial Statements
Year Ended March 31, 1984**

Office of the Provincial Auditor
Regina, Saskatchewan





Saskatchewan
Beef
Stabilization
Board

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Saskatchewan Beef Stabilization Board as at March 31, 1984 and the statements of revenue, expenditure and surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan
June 15, 1984.

W.G. Lutz, F.C.A.,
Provincial Auditor.

**Saskatchewan Beef Stabilization Board
Balance Sheet
March 31, 1984**

	1984	1983
ASSETS		
Current assets:		
Cash	\$ 161,171	\$ 105,735
Accounts receivable:		
Cow Calf to Finish	150	152,673
Market Insurance Plan	34,878	75,449
Producers' trust account	117,576	97,806
Miscellaneous	313,775	431,663
Equipment and deferred costs (Notes 1(b) and 6)	427,327	255,666
Producers' trust fund assets:		
Cash	\$2,262,560	\$(1,405,949)
Term deposits, at cost	-	2,199,139
Accounts receivable:		
Cow Calf to Finish	-	1,566,881
Market Insurance Plan	-	1,874,365
Other	1,341,731	4,234,936
	<u>3,604,291</u>	<u>4,234,936</u>
	<u>\$4,345,393</u>	<u>\$4,922,265</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 18,644	\$ 199,238
Producers' trust fund liabilities:		
Due to producers	\$3,064,214	\$4,026,807
Due to Cow Calf to Finish		
Market Insurance Plan	350,703	-
Other	32,759	30,866
Due to Feeder Finish		
Market Insurance Plan	121,737	101,814
Due to Saskatchewan Beef Stabilization Board	34,878	75,449
	<u>3,604,291</u>	<u>4,234,936</u>
Deferred revenue — government assistance [Note 1(d)]	70,000	-
Equity:		
Surplus (Statement 2)	652,458	488,091
	<u>\$4,345,393</u>	<u>\$4,922,265</u>

(See accompanying notes to the financial statements)

Statement 2

Saskatchewan Beef Stabilization Board
Statement of Revenue, Expenditure and Surplus
For the Year Ended March 31, 1984

	1984	1983 (Note 4)
Revenue:		
Interest	\$ 436,163	\$ 642,646
Marketing fees	392,346	375,652
Department of Agriculture:		
- administration grant	266,119	225,956
- start up grant	-	104,704
- feeder finish program		
development grant (note 1(d))	30,000	-
Insurance commissions	22,934	18,570
Licenses	-	25
	<u>1,147,562</u>	<u>1,367,553</u>
Expenditure:		
Salaries and employee benefits	571,249	505,946
Communications	126,650	124,364
Directors' honoraria and travel	72,041	82,686
Fieldmen per diem and travel	51,571	48,846
Computer maintenance	28,558	2,952
Computer services	27,907	68,010
Office supplies	25,807	29,628
Dues and subscriptions	18,139	18,508
Travel and staff	17,967	22,847
Bank charges	17,703	4,700
Miscellaneous	8,968	10,415
Producer information	8,719	21,383
Accounting and legal	7,232	16,904
Depreciation	684	854
	<u>983,195</u>	<u>958,043</u>
Excess of revenue over expenditure	164,367	409,510
Surplus, beginning of year	<u>488,091</u>	<u>78,581</u>
Surplus, end of year	<u>\$ 652,458</u>	<u>\$ 488,091</u>

(See accompanying notes to the financial statements)

Saskatchewan Beef Stabilization Board
Statement of Changes in Financial Position
For the Year Ended March 31, 1984

	1984	1983
Sources of working capital:		
Excess of revenue over expenditure	\$ 164,367	\$ 409,510
Add depreciation not requiring an expenditure of funds	<u>684</u>	<u>854</u>
	165,051	410,364
Department of Agriculture, feeder finish program development grant - note 1(d)	<u>70,000</u>	<u>-</u>
	235,051	410,364
Uses of working capital:		
Purchase of equipment and deferred costs	<u>172,345</u>	<u>253,197</u>
Increase in working capital	62,706	157,167
Working capital, beginning of year	<u>232,425</u>	<u>75,258</u>
Working capital, end of year	\$ <u>295,131</u>	\$ <u>232,425</u>
Represented by:		
Current assets	\$ 313,775	\$ 431,663
Current liabilities	<u>18,644</u>	<u>199,238</u>
	\$ <u>295,131</u>	\$ <u>232,425</u>

(See accompanying notes to the financial statements)

Saskatchewan Beef Stabilization Board Notes to Financial Statements

March 31, 1984

1. Significant Accounting Policies

(a) Revenue recognition

Marketing fee revenue is recognized on the basis of slaughter date.

(b) Equipment and deferred costs

Equipment is recorded at cost less accumulated depreciation; maintenance and repairs are charged against operations as incurred.

Depreciation is provided on equipment over the estimated useful life on the diminishing balance method. The rate for furniture and equipment is 20%.

Computer hardware and software costs are capitalized; depreciation will commence when the system becomes operational.

(c) Producers' trust fund

The producers' trust fund has been established to account for receipts from packers on account of beef purchases by the packers from the producers and to make payments to producers, truckers and assemblers.

(d) Deferred revenue - Government Assistance

During 1984 the Board received \$100,000 from the Department of Agriculture to partially finance the development expenses of the Feeder Finish Market Insurance Plan. \$30,000 has been added to income in the current year, while \$70,000 has been recorded as deferred revenue and will be amortized to income as the corresponding costs of computer hardware and software are depreciated.

2. Incorporation

The board was established under The Beef Stabilization Act 1980-81, C. B-0.1 and commenced operations on January 1, 1982. The Board's main function is to market beef on behalf of producers and to administer the Cow Calf to Finish Market Insurance Plan and the Feeder Finish Market Insurance Plan.

3. Cow Calf to Finish Market Insurance Plan and Feeder Finish Market Insurance Plan

The Board administers the above plans which form part of The Saskatchewan Agricultural Returns Stabilization Fund established under Section 5 of The Saskatchewan Agricultural Returns Stabilization Act. Stabilization transactions are

therefore included in the financial statements of The Saskatchewan Agricultural Returns Stabilization Fund.

4. Comparative financial statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 1984 financial statements.

5. Related party transactions

Related parties to the Board are Saskatchewan's Crown controlled departments, agencies and corporations.

(a) Transactions at market value.

Transactions entered into with related parties for purchase of supplies and services such as telephone and computer services are recorded at normal market prices.

(b) Costs borne by other agencies.

The Board has not been charged with any occupancy costs nor has any provision for such costs been reflected in these financial statements.

6. Equipment and deferred costs

The costs and related accumulated depreciation and amortization are:

	Cost	Accumulated Depreciation and Amortization	1984 Net Book Value	1983 Net Book Value
Office equipment	\$ 4,447	\$1,713	\$ 2,734	\$ 3,418
Computer hardware	245,876	-	245,876	176,032
Computer software	178,717	-	178,717	76,216
	<u>\$429,040</u>	<u>\$1,713</u>	<u>\$427,327</u>	<u>\$255,666</u>